

Inside & Out

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COMPAQ NEWS

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An interview with Doug Johns

Johns views 1992 as 'transitional year'

(This is the second in a series of interviews on the company's business strategies and new organization. If you have any comments, suggestions or questions please send them to the Inside & Out Suggestion Box on the Banyan network under "suggestion" in bmail or to mailcode 040516.)

Doug Johns, 43, heads the PC Division — Compaq's largest division, with 6,800 employees. He has held the position since the reorganization in October 1991. Doug is responsible for the development, manufacture and marketing for all portable and desktop PC products. A Senior Vice President, he also oversees the evaluation of new markets — including the home, education and small business segments — and channels of distribution.

Prior to his current position, Doug was Vice President, Corporate Marketing, responsible for the company's worldwide distribution and pricing strategies, as well as for major account marketing and worldwide corporate market research. Before joining Compaq in

February 1984, he held management positions with IBM for 11 years.

A native of Chattanooga, Tennessee, Doug holds a B.S. in economics from Auburn University.

Q. *You've been head of the PC Division now for about six months? How's it going?*

A. We're doing well, but I think we underestimated how deep and powerful our former way of doing business was. It's very tough to come up with a whole new way of doing things in just a few months. Still, we're making good progress.

The PC Division has the benefit of

Q. *Is our focus on customers a lot sharper today than, say, a year ago?*

A. Our new customer focus is on dealers and end users. Previously, we saw our dealers as our customers almost exclusively.

That approach, while successful for many years, ultimately got us into trouble. We didn't see important trends early enough, like changes in end user wants and needs.

Today we take a dual approach to the marketplace. We still must know what the dealers want, but now we pay equal attention to the actual end users. We're doing

summarize the key issues from more than 6,000 calls a week and send them throughout the corporation — into marketing, engineering, design and manufacturing, as well as sales. That allows us to understand what the end users really like about our products and, just as importantly, what they don't like.

Q. *Given the worldwide recession, how healthy is the PC industry these days?*

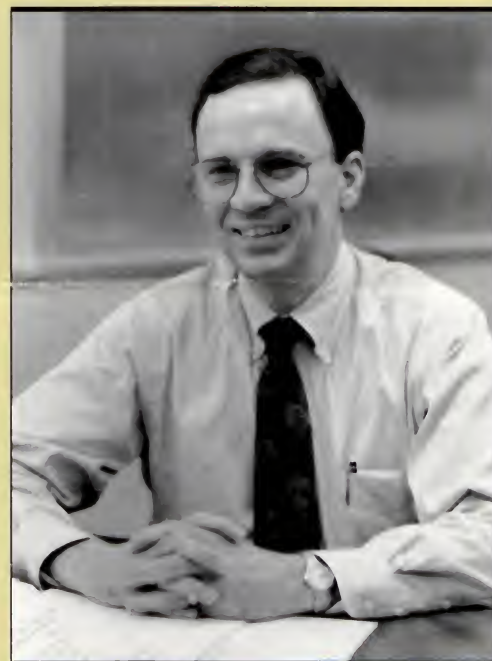
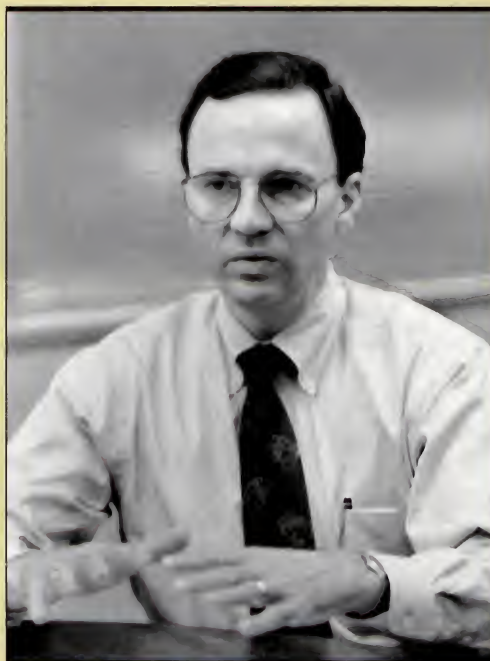
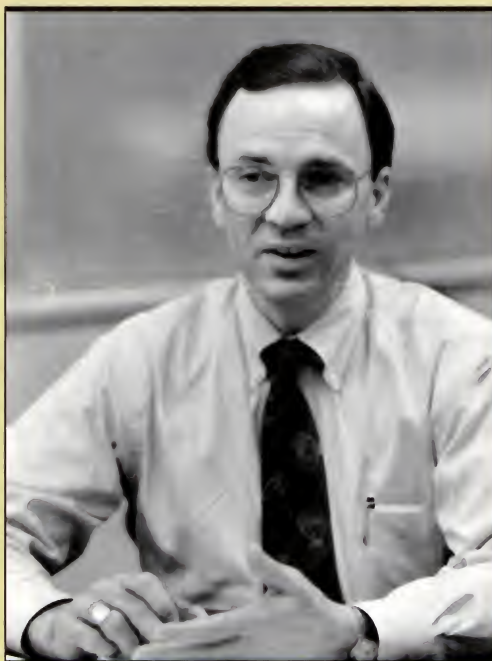
A. In terms of size and growth, our industry is in good shape. It continues to offer excellent opportunities. On a worldwide basis right now, we've tapped

only about 35 percent of the people who could be using personal computers. Compare that to the automotive industry or the consumer electronics industry, where you have very, very high rates of people using their products. Most of our market —

better than two-thirds — is still untapped.

In 1992, companies within our industry will ship 23 million units — some 18

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already having an established business. We know what we need to do, what products we need to build, and, generally, what the marketplace wants.

more work with focus groups, for example. In addition, an invaluable new source of end-user information is our customer hotline. Our hotline people

Compaq debuts family of high-resolution graphics products



The new QVision Graphics System offers a spectacular array of vivid colors and sharp screen images.

The new QVision Graphics System from Compaq, a family of monitors and graphics controllers, delivers exceptional performance increases in windowing and graphics controllers and a spectacular array of vivid colors and sharp screen images.

The aggressively-priced QVision Graphics System includes two flat screen, high resolution monitors — the QVision 150 (15-inch) and QVision 170 (17-inch) Color Monitors. The monitors also include two video controllers — the Extended Industry Standard Architecture (EISA)-based QVision 1024/E Controller and the Industry Standard Architecture (ISA)-based QVision 1024/I Controller.

The monitors and controllers included in the QVision Graphics System are designed for use with PCs running

graphical operating environments, such as Microsoft Windows, OS/2 PM and UNIX XII release 4, desktop publishing and presentation graphics. They are also well suited for high-end graphics applications including Computer Aided Design (CAD), imaging and graphic arts, where superior viewing quality and fast graphics performance greatly increase productivity.

Large-screen monitors display advanced technology

The advanced Flat Tension Mask (FTM) technology incorporated in the large-sized QVision 150 and 170 Color Monitors produces a truly flat display not available in competitive offerings. The FTM technology reduces eye fatigue by minimizing distortion and overhead

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An interview with Doug Johns

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million desktop PCs and nearly 5 million portables. That's a tremendous number of units. While the growth in unit sales could be better, it isn't bad. Sales for all portables will climb about 25 percent this year. The desktop business will grow at just 3 to 4 percent, but it's a huge base. Other industries would be jumping for joy if they had these figures.

Q. *In light of the industry's health, where does Compaq stand in the PC business?*

A. This will be a tough year, but the good news is we expect our market share to grow in 1992. We often forget that of all the companies that make up the PC industry, only three — IBM, Apple and NEC — are larger than us in terms of revenue share.

We do have a challenge to provide our customers with a product that still represents Compaq quality, but is sold at an extremely competitive price. The key point is that we know how to create and market such a product. It's not a mystery and you will see this product later this year.

We have a great set of employees, excellent access to innovative technology and a good deal of cash. What we need most is to increase the volume of our product shipments. We built our manufacturing capacity, our warehouses and a lot of other things based on much higher volume assumptions. Once you increase the volume, then the costs of our plants, manufacturing equipment and infrastructure gets spread out over a much larger number of machines and the cost per unit actually decreases. So, a key goal this year in the PC Division is to increase market share, which really translates into volume. We're pretty sure we'll achieve that goal.

Q. *Have our PC price reductions generally helped our sales and increased our market share?*

A. They have helped maintain our sales, but have not produced a significant spike in volume.

Q. *The PC Division has introduced five new products since its formation in October last year. How are they doing?*

A. Very well. We've introduced the COMPAQ LTE Lite notebook PCs, the COMPAQ DESKPRO 386/33M, the COMPAQ DESKPRO 50M and the QVision Graphics System. Every one has had rave reviews and been well accepted in the marketplace. Our order rates are very good. In fact, we're in a strong backlog situation with all of these products. Component constraints have held us back somewhat.

Q. *What is the PC Division's product strategy now?*

A. First and foremost, we are going to maintain our brand image. Our brand means five things. It means quality, reliability, performance, compatibility and technical innovation. We're not going to do anything that degrades our brand. In fact, everything that we do will reinforce that brand because good business people know that once you lose a brand, it's very, very difficult to ever get it back.

In the desktop PC area, we have a strategy of "good, better and best." Our

entry-level products will be very good. They'll be better than any other products in that class. The better products will be better than all other medium-priced PCs, but they'll be very price competitive. The "best" products have already been announced — the "M" product family — and they will be the flagship of the desktop line.

In the portable area, we want to dominate the AC-powered segment, which is the "plug-into-the-wall" segment, and we're on our way to doing that. The acceptance of the COMPAQ PORTABLE 486c has been outstanding. We have some other products in that category later this year that we expect will do very well, too.

We're also going to continue to build our full-featured notebook line. We've got great extensions to it planned. Like our desktop lines, our notebooks will also fall into the "good, better, and best" categories. We also plan to play in the pen-based market, but I can't be more specific than that. Let me just reiterate that all of our new products will represent the COMPAQ brand very well.

In terms of distributing these products, we're looking at much more of a retail-oriented focus — through super stores and consumer electronic outlets, for instance. We're also going to support our end users in new and inventive ways, both directly from Compaq and through our dealer partners.

Q. *How do we build low cost products that still meet our high quality standards?*

A. There are really four ways to do that. First, we need to go for more market share. That entails more aggressive advertising and expanded product distribution through new channels — activities we're both planning and are heavily engaged in now. As I said earlier, more market share allows us to build volume, which ultimately leads to less cost to produce each product.

Second, rely more on multiple sources to obtain parts. Because of our size and buying power, we have a lot of leverage. Instead of depending on single sources as we have in the past, we're now playing the competitive card more vigorously. We make sure, of course, that the parts we buy are qualified and up to Compaq specifications.

Third, we're going to make better use of the technology base in each product. We're going to extend their life, so to speak. Once a product is on the market, we're going to take all of the engineering work and tooling that went into it and take it to the next product. That can save a tremendous amount of money. For example, it can cost millions of dollars to set up tooling for a new computer. If you can come out with a new model that has the same tooling — yet offers new features and functions for a new set of customers — then you have saved a lot of expense.

The fourth way we hope to lower costs but keep our quality high is through new manufacturing techniques. For example, right now, we have dedicated board shops and dedicated CPU factories — totally separate facilities. For some of the low-cost products, what we'll

do is literally merge the lines. We'll start out with a raw board and end up with a CPU. That will lower costs, because you're using factory capacity more efficiently. Secondly, this approach will actually increase quality. If there is a problem on the line, it will be shut down and the problem fixed immediately. Some of our present procedures for fixing problems are a lot more complicated and time consuming.

One other key point I'd like to make is that once the Compaq team completely understands that high quality is a priority and low cost is a priority, they have the intelligence, drive and will to get the job done. We just never made cost effective products a real big priority in the past.

Q. *What customers are we targeting for the entry-level PCs?*

A. In the past we've been very heavily oriented toward large- and medium-size business accounts. In the future we'll target not only them — and do a good job there — but also small businesses and individuals. Our entry-level products will be aimed at these latter two groups.

Typically, I'm talking about people who work at home, consultants, businesses with a dozen employees or less, and people who don't work exclusively in an office. Some of the entry-level users may work in a big corporation, but they also work at home and so they need an inexpensive PC there.

Q. *Why didn't we go after the entry-level market sooner?*

A. We were establishing world records for sales almost every other year. We felt our formula of strictly going after the high end market was pretty good. There is not a big mandate to change when you're having that kind of success. There's sort of a natural inertia that sets in as far as the way you're doing business.

Q. *Everyday it seems like another company is bringing out a low-cost PC. Is there enough room for all these companies in this business? Is there a shake-out coming?*

A. The answer is, no, there is not enough room for all these companies and, yes, there is a shake-out coming. We hope to be doing the shaking in the future.

Q. *Some people feel that Compaq's technology leadership has slipped a bit. We read about other companies with color notebook PCs, pen-based systems, multi-media and radio interface cards, etc. Are we falling behind?*

A. I think in 1990 and part of 1991 there was a period of time when we did not keep our eye on the ball as far as keeping up with every single innovation. We have since corrected that and our product design team, our engineering team and our marketing team are totally dedicated to coming out with the latest technology. It's going to take us a while to make sure that we hit a home run every time, but that's absolutely our goal.

Q. *What kind of company do you think Compaq will become?*

A. A lot of people have compared us to Mercedes or BMW. That seems to be the popular analogy. The problem is that although both are very fine companies, in the grand scheme of things, they really

don't sell a lot of cars. They are niche players. Two companies that I'm asking my team to go off and think about are Sony and Toyota. Both are very large producers and build excellent products. Both companies utilize technology and engineering to their benefit. Both sell their products through indirect channels and have established a brand image in the consumer's mind representing quality and value. Finally, both have very broad product lines. Toyota, for example, goes from the very entry level product to the Lexus, which is actually taking away a lot of share from BMW and Mercedes right now.

So, we're thinking along these paths, but ultimately we have to be our own company. We have to be Compaq. Although we're going through a lot of changes right now, there are hundreds, maybe thousands of companies out there that would love to be like Compaq, and have our strengths and good long-term future.

Q. *Will we be doing less and less manufacturing in the U.S. and more and more in Europe and Asia?*

A. We're going to have enough manufacturing work for everybody — in Houston, in Scotland, as well as in Singapore. Where it gets built is going to be a function of location to suppliers, location to manufacturing expertise and also workload balancing.

Q. *IBM plans to use Asian companies to make PCs that it will sell in Europe. Well we do that too, if necessary?*

A. In re-thinking all of our strategies, we certainly considered that. However, we don't think that would be consistent with our brand image. Everything we make will be full-fledged Compaq quality, reliability and performance. To degrade your brand by simply building a Taiwanese clone is something that we don't intend to do.

Q. *With the reorganization, do you see conflicts or slower response between our new divisions?*

A. We are very, very sensitive to that issue and we are monitoring it right now. The goal of the reorganization was not to make jobs harder. It was to make jobs easier and more efficient. What we need is feedback from all levels as to how the reorganized company is working and do people feel it's the right approach.

Q. *How do they provide that feedback?*

A. Send me Bmails. Call me at 374-1368. I want to know. Really.

Q. *What's the outlook for 1992 from your perspective?*

A. We're not going to see an immediate turnaround. I think this year is going to be clearly divided into the first half and the second half. In the first half, it's going to be very important to sell the products that we have and do a good job maintaining market share. The second half of the year we'll have to capitalize wisely on all the opportunities presented to us in terms of product and market.

We see 1992 as being a year of transition and, assuming that the economy picks up later in the year, or early 1993, we'll be well positioned for the next expansion cycle in the economy.

Officers answer questions at Houston meeting

The following is a sample of employee questions raised during the first quarter company meeting held recently in Houston.

Q. *Do we have plans to move all manufacturing off-shore as other companies have done to take advantage of inexpensive labor?*

A. (Doug Johns) We have done extensive planning and we don't see any aggressive reduction in our manufacturing force. We have a strong commitment to keep Houston manufacturing going strong.

Q. *Dell has drastically cut prices and other manufacturers are doing the same. How will this affect our bottom line and how will we deal with this?*

A. (Ross Cooley) The economy is

A. (Eckhard Pfeiffer) Sometimes it takes a tough experience to become more alert to changes. We must continue to be more aware of what's happening in the industry. One way to do this is to be out in the marketplace with our customers. By doing that, we will be able to recognize changing needs much faster. Our plans call for us to do just that.

Q. *Do we have plans to address the education market?*

A. (Ross Cooley) That will be much more viable when we introduce our lower priced, entry level products. First we'll target the commercial market, then we'll enter the education market.

Q. *What happened to offering a masters program through the National Technical University on the*

have to struggle through with what we have now. In the future, I think ACE will grow but not for quite a while.

Q. *Are we pleased with the outcome of the Dell lawsuit?*

A. (Bill Fargo) The purpose of the lawsuit was to make Dell more responsible in their advertising and we certainly accomplished that.

Q. *Do we have plans to enter the Russian market?*

A. (Eckhard Pfeiffer) We are already present in Russia. We're working on expanding our position there.

Q. *How will we compete with the super high performance products offered by DEC and Hewlett Packard?*

A. (Gary Stimac) We do have plans to enter the commercial workstation

market. Our research shows that people buy operating systems before they buy hardware. We're going to support open industry standards and Reduced Instruction Set Computing (RISC). We'll also offer a good price/performance ratio. These things have to be present before we can meet the needs of our customers.

Q. *Will we have regular quarterly company meetings from now on?*

A. (Eckhard Pfeiffer) Yes. The reasons are obvious why we haven't had one recently. The response today has been overwhelmingly positive. Since everyone feels it is important to hold these meetings, I plan to do so.

Q. *Last year we announced a stock buy-back program. What has happened with this?*

A. (Daryl White) We have purchased three million shares at \$31 per share. We will continue to monitor the market and buy more if warranted.

Q. *Intel predicts 500 PC companies will be eliminated in the 90s. What do you think?*

A. (Eckhard Pfeiffer) Nobody can make such predictions. The 90s are going to be tough. Downsizing and price competition will make it even harder on PC companies and quite a lot will disappear. However, I believe the strong will survive.

Q. *Will Compaq enter the application software market to take advantage of our powerful hardware?*

A. (Gary Stimac) Our current plan is to increase the amount of

software shipped with our products — especially our systems and future workstations. We'll work with our industry partners to build platforms to take advantage of our products.



From left: Daryl White, Sr. Vice President, Finance; Gary Stimac, Sr. Vice President, General Manager, Systems Division; Bill Fargo, Sr. Vice President, General Council and Secretary; Gian Carlo Bisone, Vice President, Corporate Marketing; Eckhard Pfeiffer, Chief Executive Officer; Ross Cooley, Vice President, North America; Jerry Welch, Vice President, Human Resources; and Doug Johns, Sr. Vice President, General Manager, PC Division answer employee questions at the Houston company meeting.

soft, and reducing prices to stimulate demand is in vogue. That is the reality. We must keep our prices where we maintain our competitiveness. To do that, we must watch our costs to help keep prices down without seriously hurting our bottom line.

Q. *Are there any plans for a company picnic?*

A. (Jerry Welch) AstroWorld is cancelled. There is a proposal on the table, but we can't comment on it yet since nothing has been decided. We'll let you know as soon as possible. (Since this meeting, ACE conducted a survey of various employees to determine the interest in a mainly participant-financed picnic, and found the interest insufficient to warrant further study.)

Q. *Industry analysts have criticized us for being slow to respond to industry changes. How confident are we that we will be quicker to respond in the future?*

Houston campus?

A. (Jerry Welch) We had plans to do this, but found that it was going to be very expensive. We have delayed indefinitely our plans to offer this program.

Q. *What plans to we have regarding further education for employees?*

A. (Eckhard Pfeiffer) Personally, I believe strongly in on-going education. We haven't addressed this issue in a while. We will do so and let you know.

Q. *I enjoyed our Association of Compaq Employees programs. We will see increased ACE activity any time soon?*

A. (Jerry Welch) The ACE budget has been substantially reduced. We'll just



Eckhard Pfeiffer, CEO, autographs momentos of the COMPAQ Houston 10th Anniversary meeting.

SYSTEMPRO/LT Family fulfills diverse workgroup functions

The COMPAQ SYSTEMPRO/LT PC Server Family announced March 3 features the latest processor technology and provides increased computer power at competitive prices. The additions to the modular COMPAQ SYSTEMPRO/LT Family are available in Single Drive and Intelligent Drive Array (IDA) Models.

While all models are aimed at midsize workgroups, the Single Drive models are ideal for file and peripheral sharing. The IDA models are targeted at groupware applications such as database applications, Lotus Notes and communication/messaging services that require the increased I/O performance offered by the drive array technology.

Single Drive Models

The COMPAQ SYSTEMPRO/LT Single Drive Models feature an advanced microprocessor — the Intel 50-MHz 486DX2 microprocessor. With speed doubling technology, the Model 486DX/50-210, with a 210-Mbyte fixed disk drive, and the Model 486DX2/50-510, with a 510-Mbyte fixed disk drive, have processors that operate at 50-MHz internally, yet are supported by 25-MHz external components. This means the customer benefits from the processing power and computing speed of 50-MHz technology, yet at a dramatically lower price than a PC server which uses both 50-MHz processors and 50-MHz external components.

"Compaq is clearly the leader in the server market, and we are committed to maintaining that position. These new servers allow Compaq to meet the needs of a broader range of customers — those with mid-range workgroup requirements. Not only do we deliver additional computing power, but do so at very aggressive prices," said Eckhard Pfeiffer, President and CEO.

To ensure these new products work in multivendor environments, Compaq continues to strengthen its communications and established relation-

ships with Banyan, Microsoft, Novell, SCO, as well as other leading vendors.

IDA Models

There are four new COMPAQ SYSTEMPRO/LT IDA models, two of which are based on microprocessors that were offered with the original COMPAQ SYSTEMPRO/LT Family Single Drive Models — the 25-MHz 486SX processor and 33-MHz 486 processor.

Compaq also offers a model based on the popular 33-MHz 386 microprocessor

A COMPAQ SYSTEMPRO/LT 486SX/25 IDA Model with 16 nodes attached performs 45 percent faster than a non-arrayed 33-MHz 486-based IBM Model 95 with equivalent storage capacity.

The COMPAQ SYSTEMPRO/LT 486SX/25-based models have a 25-MHz 486SX microprocessor, an integrated cache controller with 8-Kbytes of cache memory, and support for an OverDrive Processor.

The COMPAQ SYSTEMPRO/LT 486/33-based models feature a 33-MHz 486

microprocessor with an integrated cache memory controller with 8-Kbyte cache memory, and an integrated 387-compatible numeric coprocessor.

These servers are ideal for file/print services within workgroups, as well as for communication and messaging services within a workgroup or with other workgroups.

Commitment for COMPAQ SYSTEMPRO upgrades

For existing COMPAQ

SYSTEMPRO/LT customers who wish to bring their current PC server up to the new 50-MHz 486DX2 processor level, Compaq is expanding its current upgrade program to include the 486DX2/50 Processor Board. Customers will receive a credit for returning the original processor board.

The company also announced that customers will soon be able to upgrade all 386- and 486-based models of the COMPAQ SYSTEMPRO to higher-performance 66-MHz technology.

With the new dual speed 66-MHz 486DX2 processor from Intel, it is possible to design a COMPAQ SYSTEMPRO upgrade board compatible with all COMPAQ SYSTEMPRO PC servers — even those purchased more than two years ago. Upgrade boards will be available as Intel ships the processor in the second half of 1992.



The COMPAQ SYSTEMPRO/LT PC Server Family features the latest processor technology.

and a model based on the new 50-MHz 486DX2 microprocessor. The COMPAQ SYSTEMPRO/LT 386/33-based models feature a 33-MHz 386 microprocessor with 16-Kbytes of integrated fourway set associative write-through cache, and coprocessor socket for either an Intel 387 or Weitek math coprocessor.

The COMPAQ SYSTEMPRO/LT IDA Models features high performance drive array technology. Standard with a robust 32-Bit IDA Controller and a drive array pair, the new COMPAQ SYSTEMPRO/LT IDA Models provide significantly improved I/O (input/output) performance storage capacity and fault tolerance.

Server performance in a resource-sharing environment is dependent on the performance of its disk subsystems. The drive array subsystem of the COMPAQ SYSTEMPRO/LT IDA Models transfers data up to four times faster than non-arrayed drive subsystems.

variety of resolution modes including 1024 x 768, 800 x 600 and 640 x 480. This ensures they are fully compatible with most video standards, including VGA, and popular software applications. The .25mm FTM dot pitch produces sharp, crisp images and allows hours

of comfortable viewing, even at high resolutions.

The QVision 150 and 170 Monitors are respectively priced at \$899 and \$1,299. (U.S. Suggested List Price; Reseller prices will vary.)

Announcing the DESKPRO 50M

Boasting an incredibly powerful graphics controller and the latest processor technology from Intel, Compaq introduced March 3 the COMPAQ DESKPRO 50M. The Extended Industry Standard Architecture (EISA)-based COMPAQ DESKPRO 50M incorporates an advanced graphics subsystem, the QVision 1024/E Controller from Compaq. It provides high resolution output with 256 colors at 1024 x 768 resolution and delivers exceptionally fast performance in windowing and graphics environments.

The EISA-based QVision 1024/E controller, standard in the COMPAQ DESKPRO 50M has a graphics accelerator and 1-Mbyte video RAM (VRAM).

Offering high-color mode with 65,000 colors in 800 x 600 resolution and 16.7 million color capability, images are photo-realistic. This makes the COMPAQ DESKPRO 50M ideal for publishing and presentation graphics, as well as specialized technical applications, such as graphics art, computer-aided design (CAD) and scientific analysis.

Power-packed processors

Combined with its new Intel 486DX2/50 processor, which provides powerful 50-MHz performance while using less expensive 25-MHz support chips, the newest member of the COMPAQ DESKPRO/M Family offers significant price and performance advantages. The new processors function 35 percent faster than 33-MHz 486 processors. It also features an integrated cache controller with 8-Kilobytes (Kbytes) of internal cache memory and an integrated math coprocessor.

To further enhance performance, Compaq added 256-Kbytes of second level two-way associative "write-back" cache, which increases performance in complex applications and multi-tasking environments. The processor board in the COMPAQ DESKPRO 50M also supports a Weitek 4167 math coprocessor, which provides a performance boost for specialized numeric-intensive applications.

Ensuring easy upgrades

Like its predecessors, the newest member of the COMPAQ DESKPRO/M Family features the "Intelligent Modularity" design. Customers can upgrade their systems as their computing needs increase and new technologies become available.

For COMPAQ DESKPRO/M customers who wish to bring their current PC up to the new 50-MHz 486 DX2 processor level, Compaq is expanding its current upgrade program to include the 486DX2/50 Processor Board. The COMPAQ QVision 1024/E Controller standard in the COMPAQ DESKPRO 50M is also available as an upgrade. Customers will receive a credit for returning the original processor or video board.

Compaq debuts family of graphics products

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glare. The standard non-glare coating also eliminates reflections and reduces eye strain.

The QVision 150 and 170 Color Monitors have multi-scanning capabilities and can easily adjust to a wide

Compaq enters Japanese market with a bang

Compaq announced a full line of products March 2 designed exclusively for the Japanese market, achieving its goal of being a true global supplier of PCs and PC systems.

"For any company to be a global player in a given industry — and especially in the high-tech field — that company must be present and able to compete in every major world market," said Eckhard Pfeiffer, Compaq CEO, at a press conference in Tokyo. "Japan is clearly a major force in the personal computing field. But it is not a market that a company should enter without a great deal of careful thought and preparation.

"We have been researching the Japanese market since 1988, looking for the

These COMPAQ products support Windows Version 3, as well as MS DOS 5.0J/V. These exciting new products incorporate the internationally recognized Industry Standard Architecture (ISA) and the Extended Industry Standard Architecture (EISA). With these products, Compaq users in Japan can for the first time switch from the U.S. to Japanese mode, and vice versa, by simply touching a single key.

According to Murai, the open standards offered by COMPAQ products provide Japanese users first-time worldwide networking opportunities.

"Compaq K.K. brings a new age in information technology to Japan," he said. "We will offer innovative, new



Takeshi Asgeda, Director of Sales, Compaq K.K., left, Eckhard Pfeiffer and Masaru Murai officially open the subsidiary's new office.

right time to make our entry into this very important market. That time is now."

Eighty journalists attended the event.

Entering with a bang

On March 3 and 4, Compaq K.K., the company's wholly owned Japanese subsidiary, held seminars and exhibitions at New Otani, one of Japan's finest hotels. Seminar speakers included Pfeiffer, Masaru Murai, President of Compaq K.K., Susumu Furukawa, Chairman of Microsoft Japan, Kazuhiko Nishi, President of ASCII, George Schussel, President of Digital Consulting, Inc., and Cheryl Currid, President of Currid & Company.

More than 2,000 people visited the exhibition where approximately 50 software vendors demonstrated their software on COMPAQ products, and interactive demonstration areas were available.

A reception celebrated the product launch. Former Minister of International Trade and Industry Eiichi Nakao and Charge d'affaires ad interim William T. Breer of the American Embassy gave welcoming speeches. Traditional Japanese performances, such as "Ren-jishi" (two lions), entertained the more than 400 people who attended.

Open standards

These events marked the introduction of COMPAQ products designed for the Japanese market. The specially designed desktop, portable and notebook computers and PC systems extend the company's worldwide leadership role in promoting open industry standards.

opportunities in computer networking, in worldwide compatibility, and in service and support. We will provide our customers with the foremost computer efficiencies for the growth of their businesses worldwide."

Compaq has designed products for Japan and for markets throughout the world based on a five-point conceptual model: compatibility, modularity, portability, versatility and network management.

"The combination of all these factors at this time provides the right environment for COMPAQ products and expertise to make valuable contributions to the Japanese business PC market," Pfeiffer explained.

Networking possibilities

Until now, worldwide compatibility in Japan has been limited by five separate and incompatible operating systems. The capabilities of MS-DOS 5.0J/V and Microsoft Windows Version 3 provide customers with literally thousands of software options available not only in Japan, but in the more than 70 countries worldwide where COMPAQ products are sold.

The products being offered in Japan include the COMPAQ SYSTEMPRO/LT family, the COMPAQ DESKPRO/M series and the COMPAQ LTE Lite/25.

New headquarters

Ending the festivities and events surrounding the product launch, Compaq K.K. officially opened its new headquarters in Chiyoda-ku, Tokyo. Japanese employees joined Compaq executives in celebrating the subsidiary's new home.

Battery pack recycling program progresses

From the first day since its announcement in North America Jan. 27, the Compaq battery pack recycling program has achieved success and acceptance. Over 20 callers requested the first day alone mailers for batteries and information about the program. Since the announcement over 50 callers have requested mailers for approximately 150 batteries for return.

The program offers to COMPAQ laptop and notebook PC customers, free of charge, recycling of their PC nickel cadmium (NiCad) batteries. Customers call a toll-free number, (800-524-9859), leave their name and address, and a pre-paid mailer is sent within three weeks.

"We wanted to make it as easy as possible for the customers," says Kevin Farnam, corporate environmental engineer. The batteries are returned to an Environmental Protection Agency-approved facility for recycling. INMETCO, a metal smelting company in Pennsylvania, receives the batteries and recycles them.

The extreme temperatures of the smelting process melts away the plastic surrounding the batteries. The metal remaining is reformed into ingots which are sold to various industries for a variety of uses.

Why recycle?

Batteries thrown in household or office trash typically are emptied into municipal landfills or incinerators. Landfilled batteries can crack or break open over time and release metals and corrosive material into the landfill. If the landfill is not protected, the metals

and corrosive material can leak into underlying soil and ground water, spread to nearby wells, drinking water and irrigation sources.

Some municipalities incinerate trash. Incinerated batteries may release metals through the incinerator into the air. The ash from the incinerators contains most of the metals from

the original battery. Once deposited into the landfills, the ash presents the same problem as placing the battery directly into the landfill.

Another issue facing landfills is space.

Municipalities are running out of room to landfill trash. New sites for landfills are becoming more difficult to find. While a battery may not take up a lot of space, it is an item that can be recycled rather than added to environmental problems.

By offering our customers an alternative to disposal for rechargeable batteries, the company provides the means to help reduce pollution problems and conserve natural resources by recycling the batteries into new and useful products.

Leading the way

The battery recycling program is a model for other similar programs. Compaq subsidiaries in Canada, Asia and Europe are reviewing legislation to create recycling programs similar to the COMPAQ program. Farnam is working with Compaq Scotland to start proceedings for their battery recycling program. He states Compaq participates in this program because, "It's good for us, good for the customer, and good for the environment."



Development Agreement signed

The Joint Development Agreement (JDA) that Compaq and Banyan Systems Inc. signed recently commits the companies to jointly develop and implement new features for COMPAQ PCs and PC systems operating in Banyan VINES environments.

This step will provide customers with

timelier, optimized support for COMPAQ products.

Under the JDA, Compaq and Banyan will participate more actively in each others' product development processes, designate cooperative development teams and exchange source code to facilitate these efforts.

Putting out customer fires

Compaq hotline grows in popularity

Compaq has long been known for its technical excellence. In 1992, it aims to be equally well known for its customer support.

One of the most visible signs of that commitment is the Houston-based Compaq Customer Support Center — the hub of the company's telephone hotline services in North America.

"We opened the center in March 1991, and by any standard of measurement," says Gus Kolias, Director, Customer Service and Training, "our hotline is a huge success."

Kolias points to a stack of mail on his desk that he describes as "sunshine letters" from customers complimenting the work of staff members on the hotline. "We must get a dozen or more of those every week," he says.

Compaq has learned a lot about providing telephone support over the past year and is now in a position to fine-tune and dramatically expand it. Internationally, many of Compaq's 22 international subsidiaries either have, or are in the process of setting up, their own technical support and customer relations hotlines.

Working out the kinks

The Customer Support Center improved its level of service very quickly after its start up. Initially, support specialists fielded some 600 calls a day throughout the work week. Customers had to wait an average of five minutes — some waited 15 minutes or more — before they could speak with anyone.

Today, the phone response time has improved markedly. Although the volume of calls has more than tripled, waiting times have dropped to mere seconds now, rather than minutes.

"When we first started, we weren't sure what kind of volumes we'd get," says Nemo Azamian, who offices in the center and serves as Director of Customer Support for the PC Division. The demand for telephone support grew rapidly and more resources were needed. "We boosted staffing by 75%, provided a great deal of training for our people, and focused our goals entirely on customer satisfaction," says Azamian.

Callers not only have brief waits nowadays, but they get the answers they're seeking. "We answer nearly 95% of the questions posed to us within the first 5 to 10 minutes of the conversation," Azamian comments. "Even though the other 5 percent of the calls are turned around pretty quickly, it's an area we still want to improve."

Services Offer Flexibility

The Customer Support Center takes both free and fee-based calls depending on the help required.

Compaq customers in the United States can call 1-800-345-1518 to obtain free information about COMPAQ products such as options, upgrade paths and configurations. The center staff will answer questions related to unit setup, problem identification, COMPAQ operating system products, BASIC programming language and the use of the COMPAQ QuickFind

Support Reference Library — a CD-ROM database of Compaq technical and service documentation. In general, the free service is for customers using COMPAQ products in standalone environments. The Support Center operates 7 a.m. to 7 p.m. Central Standard Time, Monday through Friday.

The fee-based service is for customers who have a continuing need for high levels of technical support, especially relating to Novell, SCO, Microsoft and Banyan operating systems; hardware and software compatibility; network and workstation installation and configuration; and problem solving. The agreement is based on an unlimited number of support incidences for a period of one year. The suggested resale price is \$3,000. As part of the purchase price of the Telephone Support Agreement, customers will receive an annual subscription to the network version of the COMPAQ QuickFind Support Reference Library.

When customers for either hotline service call the Customer Support Center, they initially reach a routing menu that leads them to one of five groups — portable, desktop or systems technical support; product information; or customer relations. If the first tier of support specialists can't answer a caller's technical question, then the matter is escalated to a "case management group" that will research the question and get back to the caller. Customer satisfaction issues such as repair and warranty disputes are handled by the staff in customer relations.

Customers give hotline thumbs up

Hotline users are generally impressed with the service. For example:

- Theresa Doyle, Vice President of Computer and Information Support Services in New York for Dean Witter Reynolds, recently used the hotline to resolve issues involving connecting nine new COMPAQ DESKPRO 486/M PCs to her company's Banyan network. "We called late Monday afternoon and by Tuesday morning the units were up and running. We were very pleased with Compaq's response."

- Bary Carter, a network analyst at Houston's Fulbright & Jaworski, one of the best-known law firms in the Southwest, used the fee-based hotline recently when he was having communications problems involving an Ethernet card in his COMPAQ SYSTEMPRO. The problem, a complicated one, was resolved to Carter's satisfaction. "I talked to some very good people and the follow-up was great," he says.

More services on the way

In the coming months of 1992, Compaq will introduce a broad range of new and improved customer service and support programs. Many of these will involve additions to the hotline service.

"We're looking at extending our hours as well as implementing various fax, bulletin board and help desk automation systems," says Azamian. "Right now, we're pretty competitive. I am convinced that by the end of 1992, we will be leading our industry in service and support."

Happy Birthday, Compaq Customer Support Center

In March 1991, 32 personnel from Compaq technical training and support areas and new employees opened the doors and the phone lines to the Compaq Customer Support

information via fax, have been well received. "The feedback has been superb," Kolias added.

"Customer surveys have shown the Customer Support Center to be



Faith Van Putten, CSC representative, demonstrates to Eckhard Pfeiffer, CEO, how to process the sale of convenience items — one of several CSC services.

Center. Their goal was to provide support to customers with questions and problems concerning COMPAQ products. Since then, the number of calls per day has grown from 500 to 600 calls to nearly 2,000 calls per day, and the Customer Support Center (CSC) has expanded its aid to include calls from authorized resellers.

From the very first call, CSC representatives viewed the center as an opportunity to put into practice on a daily basis the company's commitment to providing complete customer satisfaction.

A piece of cake

To celebrate the one year anniversary of the center's opening, on March 13, representatives gathered in an area brightened with balloons, birthday cake and slide shows to review the accomplishments of the past year.

Gus Kolias, Director of Customer Service and Training, introduced the guest speaker for the celebration, Eckhard Pfeiffer, CEO, by reminding the gathering of representatives and well-wishers of the CSC's objectives.

"An objective for the Customer Support Center was to become a springboard for a customer satisfaction company," said Kolias. Support services such as CompuServe, a database of technical information, and FaxPAQ, a service to provide requested

far superior to others," added Joan Reynolds, Customer Support Center manager. "It's the best thing to happen to Compaq since it opened its door."

Pfeiffer congratulated the CSC representatives' efforts over the past year and expressed pride and confidence in their ability to continue in that tradition.

"The Customer Support Center is a major pioneer effort to interface directly with the customer," said Pfeiffer. "This organization is the core or nucleus for more in the future," Pfeiffer added. "More emphasis on customer service provides the customers with incentives to buy more COMPAQ products. Let's keep it growing and going in the second year."

Calls for the CEO

Pfeiffer concluded his statements by participating in a chorus of "Happy Birthday" for the service center. Pfeiffer also volunteered to listen to the next few calls to come to the center. Sitting next to senior customer support representative Faith Van Putten, Pfeiffer received first hand experience of the efficiency and technical knowledge of the company's support personnel.

The caller became an unexpected testimony to COMPAQ product quality by requesting information on the memory capability of an original COMPAQ Portable PC.

Send us your news

Story idea for *Inside & Out*? Send it to Inside-Out Suggestion @ Corp Rel @ Corp Hou on the Banyan network (under Suggestion in directory) or mail code 040516.

Compaq Germany hits the road with the "starlites"

Manuela Doerken
Compaq Germany

Compaq Germany demonstrated its imagination with the announcement of the new COMPAQ LTE Lite/20 and LTE Lite/25 and its product roadshow.

As announcement day for the new products, Jan. 27, drew closer, the nights spent at Compaq became longer. The organizing crew did its best to make the event a big success. Final preparations were made, and the stage was built, the technical instruments were installed, and the excitement mounted.

On the day everyone had been waiting for, all efforts and work were rewarded with a great show. Compaq hosted 350 Authorized Resellers in the Zoo Gesellschaftshaus, a beautiful building in Frankfurt.

On a stage designed as a laptop PC, the 10 years of the company's portability were represented by 10 roller-skating dancers. An exhibition featured all our portable products, ending with the new products, the COMPAQ LTE Lite/20 and LTE Lite/25. The new products – the

"starlites" – were the stars of the show and caught everybody's attention.

The Compaq guests were invited to dinner with a star guest – European singing sensation Joan Faulkner.

The next day, approximately 80 major account customers enjoyed a private showing of the announcement presentation in the Zoo Gesellschaftshaus.

The Jan. 29th event in Munich represented the biggest challenge – nearly 120 major accounts were invited to the Bavaria Filmstudios, comparable to the movie studios in Hollywood, where most important German movies are made. In the space shuttle set built for the movie *Enemy Mind*, Compaq welcomed the guests.

The festivities continued in a film studio decorated with the "starlites" and the laptop PC stage from the earlier shows. Guests were taken to this studio in a small train, similar to those at Disneyland. After the show, the train took the guests back to the space shuttle, where they were given hands-on demonstrations of the new products.

After scoring a big success in



Roller skating dancers perform on a "laptop PC."

Munich, it was off to the final event in Hamburg. Although completely different, the Atlantic Hotel Kempinski was a great site for the show. One of the oldest and most noble hotels in Germany, it has high rooms with

wonderful old decorations. This also impressed the 80 major account guests who attended. After the show, they enthusiastically applauded the roller-skating dancers, who said Hamburg was their best performance.

When to shred?

BRETT BIDERER
Loss Prevention

It may seem unbelievable, but Compaq spends more than \$100,000 each year to separate regular trash from confidential material that requires shredding.

Even more unbelievable, Compaq could save 30 to 50 percent of this cost if employees would spend an extra few seconds to put their trash in the proper receptacles. By being aware of and implementing the following guidelines, Compaq will realize a \$30,000 to \$50,000 savings per year.

What type of trash?

There are four basic types of trash and disposal processes.

CONFIDENTIAL TRASH

Security picks up all material needing to be shredded. This includes the secured confidential bins and the boxes of confidential material left outside some offices.

The bins and boxes are opened and their contents sorted into paper and plastic. They are then shredded in separate operations.

Unfortunately, only about 40 percent of the material sorted is actually found to be confidential. Items such as binders, VCR tapes, magazines, newspapers, old office files, old diskettes and training manuals are often put into the confidential trash, although they are not confidential items.

RECYCLABLE TRASH

Any white paper that is non-confidential is recyclable. This type of trash should only be thrown into receptacles that have a sticker on them reading "White Paper."

OFFICE SHRED

Office shred is trash contained in the individual shredding machines located throughout Compaq buildings. Because

these machines can only shred paper or transparencies, feeding the machine any other materials could seriously damage it.

REGULAR TRASH

Regular trash consists of waste that cannot be recycled and is not confidential. This type of trash should be thrown out in regular trash cans or unsecured office bins placed in offices, hallways, breakrooms and restrooms.

Is it Confidential?

If you are throwing an item away and are not sure of its confidentiality, follow these guidelines.

- If the material being discarded contains information that is already on the market (such as a DOS 2.1 Users Manual), then the information is not confidential. This material should be thrown away as regular trash.

- Small documents containing highly sensitive information or information that is not known to the general public (such as business plans or employee information), should be classified as confidential and shredded.

- Large documents that contain sensitive, timely information and are too large to be individually shredded can be picked up for disposal by calling a Loss Prevention representative at 378-8349 or 374-9855 in Houston, or your office Loss Prevention representative.

Specific types of confidential information are outlined in the Compaq brochure "Handling of Confidential Information," available from Loss Prevention.

The benefit to Compaq

Much of the shredding expense is caused by overtime charges incurred by shred personnel separating non-confidential material from confidential. Spending an extra few seconds to put trash in its proper receptacle would help eliminate this expense.

Magazines praise COMPAQ products

Leading PC industry magazines in the United States and the United Kingdom are reflecting the continuing successes of COMPAQ products. Magazines such as *PC Magazine*, *PC User* and *LAN TIMES* have performed reader surveys and their own benchmark tests to demonstrate the market success of COMPAQ products.

LAN TIMES

LAN TIMES announced March 30 that COMPAQ has won the *LAN TIMES* Readers Choice Awards for the second consecutive year. More than 125,000 *LAN TIMES* readers were asked to rate their favorite companies and products in a number of network-oriented hardware and software categories. Compaq was chosen over IBM, Dell, Northgate and AST in both the 386 and 486 file server areas.

"*LAN TIMES* readers continue to select Compaq as their top vendor for PC servers, demonstrating the company's leadership in delivering these solutions for today's workgroups," said Susan Breidenbach, Editor-in-Chief. Breidenbach presented the awards during a ceremony at NetWorld Boston.

PC Magazine

Reflecting the immediate success of

the COMPAQ LTE Lite/25, the notebook PC earned top honors from *PC Magazine*. The COMPAQ LTE Lite/25 was given the *PC Magazine's* Editor's Choice award in the April 14 issue. The magazine, which compared the PC notebook with 14 other leading notebook PCs, stated that the LTE Lite/25 "represents the best combination of performance, portability and price." Additionally, the magazine noted that the LTE Lite/25 "produces the best video performance and also the best CPU and memory performance of all the tested 386-based PCs."

PC User

The COMPAQ LTE Lite/25 also won the *PC User* Gold Award – the highest accolade awarded by *PC User*, one of the most influential PC industry magazines in the United Kingdom.

PC User, which reviewed the LTE Lite/25 and competitive notebooks from Toshiba and Zenith, reported in its February-March issue, "the COMPAQ notebook is a clear winner in the 386SL stakes." The magazine also reported: "The COMPAQ LTE Lite/25 is simply the best monochrome LCD notebook in the world. Nothing gets within earshot of it in terms of usability. It's a technical triumph."

Top of the line laptop

In the March issue of the Swedish version of *PC World Magazine* the COMPAQ LTE 386s/20 was awarded the magazine's Best in Test distinction. Each year *PC World* tests and rates personal computers. The COMPAQ LTE 386s/20 was tested against its competitors to rate its performance as a laptop and as a desktop with the expansion base feature.

The laptops were evaluated on the basis of design, processor speed, monitor, keyboard and battery storage. Though the COMPAQ LTE 386s/20, introduced October 1990 is an older model of the current laptop

line of PCs, it won every *PC World* test.

The COMPAQ LTE 386s/20 was compared against the Acer Anyware 1120NX, TI TravelMate 3000 WinSX and the Toshiba T2200SX. The expansion box for the COMPAQ 386s/20 was voted the best followed by Toshiba.

The COMPAQ Desktop Expansion Base allows users to slide the computer into the base and use two additional expansion slots, a variety of mass storage devices, and an external VGA monitor and keyboard while leaving the system free to travel at a moment's notice.

Compaq France, Compaq UK: annual confrontation results in UK victory

Patrick Jeanbart
Compaq France

The great annual rugby game between Compaq France and Compaq UK took place Feb. 15 in Paris the same day as the "other" French/English game in the "Five Nations Tournament." This yearly rugby tournament includes teams from England, Wales, Scotland, Ireland and France.

The challenge between the two subsidiaries began two years ago, and France has lost both times. The French really wanted revenge this year, and were prepared to do more than their best to win.

Right after the kick-off, the French pack showed stronger, and after five minutes they almost scored a try. However, the British defence was watching and stopped the French assault.

The problem with the French is that they don't know much about rugby, and the Brits scored and converted the first try after 30 minutes. The French reacted. They pushed their powerful pack and with a wonderful attack, scored the first try ever in the history of Compaq France. The British ended the first half by scoring a second try, two minutes before the whistle.

Joe McNally's and Bernard

Maniglier's teams started the second half with a score of 10-6 for the UK.

Did the rain trouble the French or help the English? The two teams disagree on this point, but the fact remains that the English scored two other tries and the French only one. Fifteen minutes before the final whistle, with the score 20-12 for the English, the French started to panic and the English became better organized. Eventually, the game ended with the same score.

Both teams were happy with their performance. Éric Churet, an

ex-French Compaq employee who now works in the Richmond subsidiary, says he is very proud of his former colleagues and their outstanding performance.

This day was very bad for the French. The team lost in the afternoon, but the worst French defeat happened that night — the French lost the third half at a restaurant and pub. The third half is a traditional rehashing of the game. The French have won the past two years, but the English were far too good this year to be beat.

Injuries were slight. An English player hurt his left knee, a French player twisted his shoulder, and another French player tore his shorts.

Joe and Bernard, as well as Wayne Carter and Jean-René Cazeneuve, the event organizers, congratulated the two teams and their supporters, and Jean-René promised his team would be back in 1993 — to win. It seems Wayne doesn't totally agree!

As Compaq France's motto says, à suivre (to be continued) in 1993.



Ready for battle — the Compaq U.K. team (left) and the Compaq France team.

Compaq expands food service



Bill Nabors, Director of Houston Manufacturing Operations, takes a lunch break at Luther's BBQ in the Compaq Food Court.

Christine Baylor
Compaq Food Services

Compaq Food Services introduced a new food service concept in February, improving the variety of on-site food choices for Houston-based employees.

Called the Compaq Food Court, the service offers food from local vendors in the manufacturing areas and Prince Food Systems in the administration buildings. Before this change, Prince Foods operated in all Houston food service locations, serving primarily prepackaged sandwiches and salads.

Bill Nabors, Director of Houston Manufacturing Operations, says the Food Court benefits employees in two ways. "Number one: I think it will end up saving money for the employees. Number two: Employees are now able to relax during lunch rather than having to

rush out and back. It is also a break from brown-bagging a lunch."

Six vendors — Subway Sandwiches & Salads, Pizza Hut, Luther's BBQ, Taco Bell, Tan's Hunan and Popeye's Famous Fried Chicken — were chosen in a manufacturing employee vote. Two vendors operate in each of the CCM1, 3 and 5 food service areas, and will rotate locations periodically.

Prince Food Systems is now serving a more varied menu in the CCA6, 9, 12 and Sommermeyer locations. All locations serve lunch from 11 a.m. to 1:15 p.m. Dinner service is available in CCM3 and 5 from 6:30 to 8:30 p.m.

More information about vendor locations and menus is available in the monthly Compaq Food Court newsletter and the Food Service section of the Corporate Information Bulletin Board (CIBB).

Compaq reduces prices on best selling PCs and PC systems

Compaq quality is available for less than ever before, due to a round of price cuts on several product lines.

"The cost of high-quality COMPAQ products today is not much more than the cost of a clone," says Eckhard Pfeiffer, Compaq CEO. "In

The cost of high-quality COMPAQ products today is not much more than the cost of a clone . . .

the U.S., customers can purchase a COMPAQ 386-based desktop PC for less than \$1,100, a 486SX-based desktop PC for less than \$2,500, and a powerful COMPAQ SYSTEMPRO/IT server with 210 megabytes of storage for less than \$5,000."

Desktop models

Two of the company's best selling 386SX-based desktop PC models — the COMPAQ DESKPRO 386s/20N and the COMPAQ DESKPRO 386s/20 — have been reduced by up to 36

percent. For great value, the suggested resale prices (SRPs) now begin at less than \$1,100.

Prices for the award-winning COMPAQ DESKPRO/M product family and options have been cut by up to 25 percent. The new COMPAQ DESKPRO 386/33M models range from \$2,799 to \$3,399.

Systems

COMPAQ SYSTEMPRO/IT prices have been sharply reduced. The COMPAQ SYSTEMPRO/IT IDA family products range from \$8,399 to \$12,399 and the single-drive COMPAQ SYSTEMPRO/IT 386/33-based models range from \$4,999 to \$6,799.

"The innovative design of these new products proves our ability to boost performance and give customers the features they want at an attractive cost," Pfeiffer says.

In addition, prices for key options, such as color monitors, memory, fixed disk drives and drive arrays, have been reduced up to 56 percent.

COMPAQ